

## MILTON BRICK CO. LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF EARNINGS

for the six months ended June 30th, 1972

with comparative figures for the six months ended June 30th, 1971

## Unaudited

	June 30, 1972	June 30, 1971
Operating Income (Loss) Before Depreciation . . . . .	\$ 153,226	\$ 104,181
Depreciation . . . . .	16,032	13,443
Earnings From Operations . . . . .	<u>\$ 137,194</u>	<u>\$ 90,738</u>
<b>Other Income:</b>		
Provision for Doubtful Accounts – Reversed . . . . .	–	27,695
Interest and Dividends . . . . .	55,412	75,010
Royalties . . . . .	34,800	38,584
Gain (Loss) on Sale of Investments . . . . .	8,949	4,149
Gain (Loss) on Disposal of Assets . . . . .	–	(1,537)
Miscellaneous . . . . .	1,035	1,688
	<u>\$ 100,196</u>	<u>\$ 145,589</u>
<b>Net Income (Loss) Before Income Taxes . . . . .</b>	<b><u>\$ 237,390</u></b>	<b><u>\$ 236,327</u></b>
<b>Provision for Income Taxes</b>		
Current . . . . .	87,576	92,179
Deferred . . . . .	21,236	11,192
	<u>\$ 108,812</u>	<u>\$ 103,371</u>
<b>NET INCOME (LOSS) FOR THE PERIOD . . . . .</b>	<b><u>\$ 128,578</u></b>	<b><u>\$ 120,551</u></b>
Minority Interest . . . . .	6,983	–
<b>NET INCOME . . . . .</b>	<b><u>\$ 121,595</u></b>	<b><u>\$ 120,551</u></b>
<b>NET EARNINGS PER COMMON SHARE . . . . .</b>	<b><u>21.2¢</u></b>	<b><u>21¢</u></b>

June 30, 1972 – 572,200 Shares Outstanding  
June 30, 1971 – 572,200 Shares Outstanding

## CONSOLIDATED STATEMENT OF SOURCE and APPLICATION OF FUNDS

for the six months ended June 30th, 1972

with comparative figures for the six months ended June 30th, 1971

## Unaudited

	June 30, 1972	June 30, 1971
<b>SOURCE OF FUNDS</b>		
From Operations . . . . .	\$ 121,595	\$ 120,551
Charges Not Requiring Cash Outlay:		
Deferred Income Taxes . . . . .	21,237	11,165
Depreciation . . . . .	16,032	13,443
Increase to Minority Interest . . . . .	–	8,827
Bank Loan . . . . .	465,000	100,000
Promissory Note due within one year transferred to Current Assets . . . . .	–	145,000
	<u>\$ 623,864</u>	<u>\$ 398,986</u>
<b>USE OF FUNDS</b>		
Addition to Fixed Assets (Net of Disposals) . . . . .	\$ 50,141	\$ 32,616
Dividends Paid . . . . .	–	57,220
Decrease Minority Interest . . . . .	10,310	–
Prior Year Adjustment . . . . .	–	7
Treasury Shares – Flemdon . . . . .	–	3,592
	<u>60,451</u>	<u>93,435</u>
<b>INCREASE (DECREASE) IN WORKING CAPITAL . . . . .</b>	<b><u>\$ 563,413</u></b>	<b><u>\$ 305,551</u></b>
Working Capital, Beginning of Year . . . . .	\$ 2,653,783	\$ 2,600,272
Increase (Decrease) in Working Capital . . . . .	563,413	305,551
Working Capital, June 30th . . . . .	<u>\$ 3,217,196</u>	<u>\$ 2,905,823</u>

NOTE: The above figures are subject to audit.

The Interim Unaudited Consolidated Financial Summary includes the accounts of:  
GLOBAL MARBLE OF CANADA LIMITED – REGAL TRANSPORT LIMITED –  
TRANSMIL PROPERTIES CORP. LIMITED – FLEMDON LIMITED

## TO OUR SHAREHOLDERS

We are reporting net earnings of \$121,595 or 21.2¢ per common share for the six-month period to June 30, 1972, with sharply-improved activity in construction supplies having become apparent in the second quarter.

As a result net earnings in the latest three months amounted to 16.1¢ per share, compared to only 5.1¢ in the first quarter, and I am pleased to report that the new momentum has continued into the third quarter.

There appears little question that the Canadian economy is now back in stride. In addition, your Company has benefited from plant improvements which were implemented during the slowdown period, and also by the introduction of a new product line – namely, 6" through-the-wall bricks which are particularly adaptable to high rise construction. Initial contracts in the provinces of Ontario and Quebec call for many millions of TTW units. As part of this new production, your Company has updated its kiln cars, and added new dock facilities to the plant at Milton, Ontario.

At the annual meeting a motion was approved for a change in company name, with various choices having been considered as more appropriate to our extended operations. Subsequently the necessary legal requirements have been fulfilled, and your directors have approved the name "MILTON GROUP" as the most suitable title. We are now proceeding with arrangements to have MILTON GROUP as our listing on the Toronto Stock Exchange.

It was announced at the annual meeting that your directors had entered into a letter of intent for the acquisition of Spence-Watson Limited, a Toronto company dealing in building coating materials. Further consideration resulted in a termination of this acquisition offer when both parties agreed that the two companies would achieve better results functioning independently.

Your Company's financial condition has been strengthened by the addition of \$563,413 to working capital, bringing the new total to \$3.2 million. This provides excellent liquidity for additional undertakings – either by expansion or acquisition.

As we move into the second half of 1972, it is significant that our order book is virtually filled for the balance of the year. The strong results of the second quarter ushered in what we hope will be a continued period of prosperity.

On Behalf of the Board of Directors  
J. T. BLUME  
President and  
Chairman of the Board

August 23, 1972



MR. IAN CARMAN, BUSINESS EDITOR  
GLOBE & MAIL  
140 King West  
TORONTO, ONTARIO



INTERIM REPORT  
For the six months ended  
JUNE 30, 1972